

Rural Property Tax Exemption Deadline is April 15

Amended House Bill 254 passed both houses of the Legislature and is waiting for the Governor's signature. If the Governor signs this bill, **April 15, 2005, is the deadline for eligible property owners to apply with their county assessor and begin receiving a 95% exemption from the market value for unimproved rural lot values this year.**

Once the owner has applied, qualifying rural unimproved lots in counties with 100,000 or fewer people receive a 95% exemption from the market value of the lot for up to 15 years.

If an owner does not apply for this exemption by April 15, the owner may not apply after that date and the property is no longer eligible for this exemption.

Any rural platted unimproved lot qualifies:

- 1) When a subdivision was approved and recorded in 2004 or later and the owner is still the person who owned the property at that time.
- 2) Which was granted the rural homesite exemption in 2002, 2003, or 2004.
- 3) Which was eligible for the rural homesite exemption in 2002, 2003, or 2004 and upon which the owner appealed to the Board of Equalization to receive the exemption and this appeal was denied.
- 4) Meets the criteria in items 1), 2) or 3) but was transferred in a first-time transfer to the spouse or child of the person who owned the property when the subdivision was approved and recorded.
- 5) Meets the criteria in items 1), 2) or 3) but was purchased in a single purchase of less than four lots prior to January 1, 2005 from the person who owned the lots at the time the subdivision was approved and recorded.
- 6) Meets the criteria in items 1), 2) or 3) but was purchased in a first-time single purchase of more than three lots from the person who owned the lots at the time the subdivision was approved and recorded.

The owner of the property when a subdivision is approved and recorded must make a one-time application in 2005 or the first year after the subdivision is approved and recorded to be granted the exemption for up to 15 years. The buyer must identify the lots that will receive the exemption and certify ownership.

A buyer who purchased less than four lots must make a one-time application in 2005 or the first year after the subdivision is approved and recorded to be granted the exemption through 2007. The buyer must identify the lots that will receive the exemption and certify ownership.

A buyer who purchased more than three lots must make an annual application beginning in 2005 or the first year after the subdivision is approved and recorded to be granted the exemption for up to 15 years. The buyer must identify the lots that will receive the exemption and certify:

- a) ownership,
- b) the lots will not be used for residential or recreational purposes, and
- c) the combined years for the exemption do not exceed 15 years.

Qualifying rural platted unimproved lots will be granted this exemption **until**:

- 1) Sale of the lot(s) except:
 - a) first-time transfer to spouse or child or
 - b) first-time transfer in one transaction of more than three lots that will not be used for residential or recreational purposes.
- 2) Improvements for the individual lot rather than the subdivision as a whole, requiring issuance of a permit from the state or county, are built on the lot.
- 3) December 21, 2007, for lots purchased in a single purchase of less than four lots prior to January 1, 2005.
- 4) Annexed into a city.
- 5) The county exceeds a population of 100,000.
- 6) 15 years expires (combined years receiving this exemption for any eligible buyer and the original owner).

Improperly claimed or approved exemptions are subject to recovery of property tax.

- 1) The taxpayer may appeal the decision to assess this recovery of property tax.
- 2) The recovery of property tax is assessed on the difference between market value and taxable value plus late charges and interest for each year the exemption was received.
- 3) Any unpaid recovery of property taxes is a lien on the property, the same as property tax, except the lien begins January 1 of the year after it is billed.
- 4) For calculation of maximum property tax funded budgets for taxing districts, recovery of property tax revenues are treated as property tax revenue.

If you have questions, please call the Idaho State Tax Commission at 1-800-777-0983.

For County Officials Only:

Report exempt value under Idaho Code section 63-602FF on the abstract.

Always grant speculative agricultural exemption (use categories 1 – 5) under Idaho Code section 63-602K for lots meeting definition under Idaho Code section 63-604 in any subdivision that doesn't have covenants prohibiting the qualifying use.